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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04
NSAE-00 SIL-01 DODE-00 PM-04 H-02 L-03 NSC-05 PA-02
PRS-01 SP-02 SS-15 USIA-15 /081 W
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R 151513Z DEC 76
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 9350
INFO AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO

UNCLAS STOCKHOLM 6854

E.O. 11652: N/A
TAGS: ELAB, SW
SUBJECT: LABOR DEVELOPMENTS AT YEAR'S END

REF: STOCKHOLM 6290

1. SUMMARY: INTRODUCTORY TALKS BETWEEN LABOR AND MANAGEMENT ON CO-DETERMINATION HAVE REACHED MOMENTARY IMPASSE. IN FACE OF GOVERNMENT AND EMPLOYER PLEAS TO HOLD THE LINE ON SOARING LABOR COSTS, UNIONS BELIEVE THERE IS STILL ROOM FOR WAGE INCREASES OF 10-15 PERCENT AND POSSIBLY MORE NEXT YEAR. GOVERNMENT LABOR MARKET PROGRAMS KEPT UNEMPLOYMENT IN NOVEMBER DOWN TO OFFICIAL RATE OF 1.5 PERCENT BUT WITHOUT INTERVENTION RATE WOULD HAVE BEEN AT LEAST 2 PERCENTAGE POINTS HIGHER. END SUMMARY.

2. THE TWO INITIAL MEETINGS THIS MONTH BETWEEN LO AND SAF NEGOTIATING TEAMS WHICH KICKED OFF THE CURRENT ROUND OF CONTRACT BARGAINING HAVE REPORTEDLY RESULTED IN A STAND-OFF. AS FAR AS WE CAN DETERMINE, THE TALKS FOCUSSED ON THE CO-DETERMINATION ISSUE. UNDER THE NEW INDUSTRIAL RELATIONS LAW THAT GOES INTO EFFECT ON JANUARY 1, AN EMPLOYER IS REQUIRED TO INITIATE NEGOTIATIONS WITH THE UNION TO WHICH HE IS TIED BY COLLECTIVE AGREEMENT BEFORE DECIDING ON ANY IMPORTANT CHANGE IN HIS ACTIVITY. IN ORDER TO AVOID A PRECIPITATE ENTRY INTO THIS VAST AND LARGELY TRACKLESS NEW TERRAIN, SAF ASKED LO TO AGREE TO A SUSPENSION
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OF THE LAW'S CO-DETERMINATION PROVISIONS, A STEP WHICH

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THE LAW PERMITS, UNTIL THE END OF JUNE. IN THE INTERIM, SAF ARGUED, THE TWO SIDES COULD WITHOUT DUE HASTE WORK OUT A SET OF BROAD CO-DETERMINATION PRINCIPLES WHICH MIGHT THEN BE APPLIED TO THE VARIOUS SEGMENTS OF MANAGEMENT DECISION-MAKING. LO TURNED DOWN THIS PROPOSAL. AS A RESULT, MANY LO AFFILIATES ARE NOW HURRIEDLY MOUNTING SPECIAL TRAINING PROGRAMS TO PREPARE LOCAL UNION OFFICERS INSOFAR AS POSSIBLE FOR DEALING WITH THE MYSTERIES OF RUNNING AN ENTERPRISE. LO AND SAF WILL, OF COURSE, CONTINUE THEIR EFFORTS TO DEVELOP MASTER AGREEMENTS ON CO-DETERMINATION, BUT LO'S REFUSAL TO GO ALONG WITH WHAT SEEMS ON FACE OF IT TO BE A REASONABLE EMPLOYER PROPOSAL WILL NOT MAKE DIFFICULT SITUATION ANY EASIER.

3. SEVERAL DAYS AGO, INDUSTRIES MINISTER DELIVERED SPEECH SAYING THAT GOAL OF PRESENT NEGOTIATIONS MUST BE TO RESTORE SWEDEN'S INTERNATIONAL COMPETITIVENESS BY 1978 IF HIGH EMPLOYMENT LEVELS ARE TO BE MAINTAINED. HOWEVER, UNIONS SHOW NO SIGNS OF BEING INTIMIDATED EITHER BY THIS OR LIKE STATEMENTS EMANATING FROM GOVERNMENT AND MANAGEMENT CIRCLES. SINCE BEGINNING OF DECEMBER, OTHER EMPLOYEE SECTORS HAVE FOLLOWED LO IN PRESENTING SOME FAIRLY STIFF INITIAL WAGE CLAIMS. THE NEGOTIATING CARTEL FOR SALARIED WORKERS IN PRIVATE INDUSTRY, PTIK, CALCULATED THAT THE ECONOMY COULD AFFORD A 10-12 PERCENT WAGE INCREASE NEXT YEAR BUT OFFERED TO SETTLE FOR CONSIDERABLY LESS IF SAF WOULD ACCEPT A COST-OF-LIVING ESCALATOR ARRANGEMENT. UNIONS REPRESENTING SOME HALF-MILLION CENTRAL GOVERNMENT EMPLOYEES INFORMALLY MENTIONED A 15 PERCENT BOOST AS REASONABLE IN THEIR OPINION, AND A SPOKESMAN FOR KTK, THE BARGAINING CARTEL FOR MUNICIPAL AND COUNTY COUNCIL EMPLOYEES, SIMPLY DECLARED THAT HIS PEOPLE WOULD ASK FOR MORE THAN OTHER GROUPS BECAUSE LOCAL GOVERNMENT EARNINGS HAVE NOT KEPT PACE WITH THE AVERAGE.

4. DESPITE FREQUENT NEWS REPORTS OF PRODUCTION CUTS, DISCHARGES AND LAYOFFS THROUGHOUT SWEDEN, THE LABOR MARKET REPORT FOR NOVEMBER GAVE A FIGURE OF 62,000 UNEMPLOYED OR A RATE OF 1.5 PERCENT. HOWEVER, UNCLASSIFIED

THIS REMARKABLY LOW LEVEL LARGELY REFLECTED THE VIGOUROUS INTERVENTION OF NATIONAL LABOR MARKET BOARD WHOSE TRAINING AND RETRAINING PROGRAMS AND RELIEF WORK PROJECTS ENGAGED 80,700 PERSONS WHO OTHERWISE WOULD HAVE BEEN WITHOUT JOBS. IN ADDITION, 11,600 WORKERS WERE REPORTED TO HAVE RETIRED PREMATURELY BECAUSE THEY WERE UNABLE TO FIND EMPLOYMENT. ADDING ALL THESE FIGURES TOGETHER, THE TRUE UNEMPLOYMENT RATE APPEARED CLOSER TO 3.5 PER-

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CENT AND EVEN THIS UNDERSTATES SITUATION IF ONE TAKES INTO ACCOUNT THE EFFECT OF OTHER MORE INDIRECT JOB CONSERVATION MEASURES.

5. SOME WEEKS AGO, PRIME MINISTER FALLDIN ANNOUNCED THE GOVERNMENT'S INTENTION TO HOLD TRIPARTITE CONFRENCE BETWEEN CHRISTMAS AND NEW YEARS ON EMPLOYMENT AND STATE OF THE ECONOMY. ON DECEMBER 13, LO AND TCO NOTIFIED PM THEY WERE UNWILLING TO PARTICIPATE BECAUSE DISCUSSION WOULD SIGNIFY GOVERNMENTAL INTERFERENCE IN COLLECTIVE BARGAINING PROCESS. TO REMOVE SOME OF STING FROM REFUSAL, LO PRESIDENT NILSSON ADDED LATER THAT ORGANIZED LABOR WOULD GLADLY TAKE PART IN SUCH MEETING AFTER NEGOTIATIONS ARE COMPLETED.
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